

# Taking on foreclosure in Four Corners

## Local coalition helps 10 families stay in homes

Eliza Dewey | 5/14/2015, 6 a.m. / Bay State Banner

When Four Corners gained a stop on the Fairmount commuter rail, some wondered whether the change would bring greater transportation equity to a low-income neighborhood or unwelcomed residential displacement by attracting a wave of higher-earning transplants from outside the community.

One local group is working against the wave of gentrification hitting Boston neighborhoods by piloting a program in Four Corners to specifically target homes in foreclosure.

Two weeks ago, the Coalition for Occupied Homes in Foreclosure finalized the purchase of ten formerly foreclosed properties in the Four Corners neighborhood of Dorchester. The purchase is part of COHIF's plan to acquire thirty occupied, foreclosed units in the area to help families stay in their homes and prevent displacement.

Long term, the group hopes to establish a community land trust in the neighborhood as part of its Greater Four Corners Community Stabilization Pilot Project. CLTs are a land-ownership model in which nonprofit organizations own a piece of land with residential buildings on it, with the aim of bringing greater residential stability, local control of assets, and direct decision-making power to low-income communities.

Low-income neighborhoods, particularly in communities of color, were especially hard hit by the national foreclosure crisis that swept the nation in 2010.

COHIF executive director Maureen Flynn says the project is a good investment for those who have backed it, and that she is confident the next step in the project will prove the same.

"We're offering a fair market return for whoever invests with us next," she said in a conversation with the Banner. "We're also offering the entity, whoever it is, to participate in this really cutting edge project. We think between the fact that this is a good investment opportunity and that they'll be participating in this really cutting-edge community stabilization project, we'll be successful."

### Part of a bigger plan

The purchase of the ten units brings COHIF's total holdings in the area to 14. The group plans to buy between 16 and 20 more units, all of which have been identified already. They are now in the process of securing additional financing for the next stage by tapping into a variety of sources including family trust funds, banks, and local Community Development Financial Institutions.

While the first phase took longer than expected – two years – the groups expects the next phase to move faster. Flynn says they hope to secure financing within the next 3 months and to purchase the properties by the end of 2015.

### Taking back foreclosures

In order to acquire the ten properties, COHIF utilized the help of local private developer Jonathan Kaye, who agreed to purchase the buildings and hold them for two years while the coalition gathered the required financing. The properties were originally purchased from a variety of entities, including Fannie Mae, Wells Fargo, a former homeowner via short sale, and a court-appointed receiver.

Flynn said that for banks, it can be in their favor to sell occupied, foreclosed properties to nonprofits like COHIF that can come up with the financing to purchase them.

“There is a value in quickly selling properties to an entity that wants to keep the current residents – they don’t have to go through a costly eviction process,” she said.

She added that such sales can also help banks earn a credit against their settlement liability in the historic 2012 settlement filed by 49 state attorneys general and the federal government against the country’s five largest mortgage servicers.

For quasi-public entities like Fannie Mae and Freddie Mac, Flynn said, it is a tougher process. Fannie Mae (technically Federal National Mortgage Association) and Freddie Mac (technically Federal Home Loan Mortgage Corporation) are government-backed companies that are two of the nation’s largest mortgage holders.

These agencies have internal rules that limit their ability to sell properties below market rate to nonprofits, due to agreements with the US Treasury Department that partially govern the sale of properties they own. Flynn says, however, that these restrictions conflict with other internal rules within Fannie and Freddie that encourage them to prioritize sales to nonprofit groups. COHIF is advocating a change to the rules in order to create greater consistency along these lines and make it easier for groups like COHIF to purchase foreclosed properties in the future.

### **A model for change**

How replicable will the model be? On the one hand, the project relied on the good will of investors like Kaye and Equity Trust, a nonprofit organization that provided some financing for the project. Both shared a personal interest in the social outcomes of their investments, rather than just the bottom line. Such partners are not necessarily the norm in the housing market.

On the other hand, says Rob Crowner of Equity Trust, that is sort of the point.

“This project is a response to the larger, profit-driven market, in which the basic needs of lower-wealth members of our society, including their homes, are reduced to inputs and outputs on a spreadsheet,” he says. “So while the project necessarily operates within the market, it’s really an alternative to the market.”

Crowner adds, however, that while the model serves as a challenge to business as usual, it can be successfully replicated nationwide.

“There are many community land trusts across the country, and there is already a history of community land trusts working with government and private benefactors to acquire, rehab and permanently protect existing housing,” he pointed out. “So yes, I do think what COHIF is doing can be done in other places.”

Indeed, COHIF drew much of its inspiration from the Dudley Neighbors, Incorporated CLT started by Dudley Street Neighborhood Initiative in the late 1980s. Today the 30-acre project holds 225 units of affordable housing, a greenhouse, an urban farm and other community amenities. It is widely recognized as a national leader in the CLT model.

Financing for the Four Corners project was provided by the Massachusetts Housing Investment Corporation, the Institute for Community Economics, Equity Trust, and the City of Boston’s Department of Neighborhood Development.

Mayor Walsh sounded a supportive note in a statement.

“As part of Boston 2030, the City of Boston’s housing plan, we highlighted land trusts and the acquisition of property by our nonprofits as an important tool to help communities fight gentrification and displacement,” he said. “We need to make sure that those citizens who have helped improve their communities are able to stay there, and we appreciate COHIF’s work on this important issue.”

COHIF was started in 2008 by organizations including the Boston Tenant Coalition, City Life/Vida Urbana, the Planning Office for Urban Affairs, Harvard Legal Aid Bureau, CHAPA, MACDC and the Center for Social Policy.